

A U S T I N C I T Y C O U N C I L

AGENDA



Thursday, September 28, 2006

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**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**
ITEM No. 58

Subject: Authorize award, negotiation and execution of a 12-month requirements service contract with HILB, ROGAL & HOBBS, Houston, TX for all-risk property and boiler & machinery insurance and loss prevention services for City property in an amount not to exceed \$2,060,705, with three 12-month extension options in amounts not to exceed \$2,472,846 for the first option, \$2,967,415 for the second option, \$3,560,898 for the third option for a total contract amount not to exceed \$11,061,864.

Amount and Source of Funding: Funding in the amount of \$2,060,705 is available in the Fiscal Year 2006-2007 Approved Operating Budgets of various City departments. Funding for the extension options is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

Additional Backup Material
(click to open)
No Attachments Available

For More Information: Rosemary Ledesma, Supervising Sr. Buyer/974-2011.

Purchasing Language: Best evaluated proposal of three proposals received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This coverage will provide City departments (excluding Austin Energy) with property and boiler & machinery insurance for its \$3.2 billion in property values and for loss prevention services. Hilb, Rogal & Hobbs (HRH) will provide these services through Factory Mutual Insurance Company (FM Global). The coverage will provide all risk protection to include coverage at replacement cost for perils such as fire, wind, hail, explosion, flood, earthquake, and collapse. Additional services include property loss control site inspections, review of structural plans to ensure compliance with established fire codes and safety standards, and jurisdictional boiler inspections. The current coverage expires on September 30, 2006.

The City's average insurance rate is decreasing from .0690 cents per \$100 of value to .0687 per \$100 of value. This is a result of the property insurance market recovery from 9/11/01.

Highlights in policy provisions include:

1. Blanket Policy Limit is \$600 Million for any one occurrence. 2. Wind and/or Hail deductible is \$500,000 per occurrence, which is the minimum deductible available in the current marketplace. 3. Terrorism coverage is provided at \$1 Million per occurrence with a \$5 Million annual aggregate; fire resulting from a terrorist act is covered at Actual Cash Value up to the Blanket Policy Limit. 4. Thirteen locations considered High Hazard Flood Locations have a \$500,000 per location flood deductible. Flood coverage is excluded from all golf courses. 5. Flood Limit annual aggregate is increased for non high hazard flood locations from \$25,000,000 to \$100,000,000.

The policy will be effective on October 1, 2006 and it will continue to provide coverage for mold resulting from a

covered event. Flood events are covered. Mold resulting from poor ventilation is not.

Premiums for the extension option years include coverage for projected future property construction development and a 20% per year rate increase. This projected increase is promulgated on newly acquired locations being added to the policy and increases in replacement costs.

An evaluation panel consisting of professional and managerial City staff who are experts in the insurance industry reviewed the proposals. The panel recommended HRH as the best proposer based on coverage & limits proposed, ancillary services, carrier qualifications, and premium cost.

MBE/WBE solicited: 7/3 MBE/WBE bid: 0/0

RFP No. RL06300071 PRICE ANALYSIS

a. Adequate competition. b. Ninety seven notices were sent, including seven MBEs and three WBEs. Four solicitations were issued. Three proposals were received with no response from the MBEs/WBEs.

APPROVAL JUSTIFICATION a. Best evaluated proposal. b. The Purchasing Office concurs with the Human Resources Department's recommended award. c. Advertised in the Austin American Statesman and on the Internet.